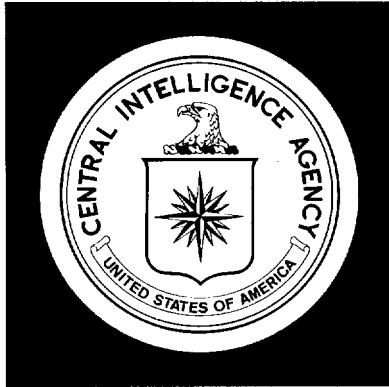


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SOUTH VIETNAM: The Senate election next Sunday seems certain to result in a one-sided victory for the government.

Four slates of candidates are running for 31 of the Senate's 60 seats. The slate receiving the most votes will elect 16 members and the runner-up slate will elect 15. A slate composed of members of President Thieu's Democracy Party and one headed by former foreign minister Tran Van Lam, also closely identified with the government, are heavily favored. The election will not be a valid test of support for the government. The two non-government slates consist of little-known figures who were persuaded to enter the race to give the appearance of competition in the election.

Despite the apparent certainty of the outcome, Thieu and his advisers are taking no chances and are running a tightly controlled campaign. An enforced campaign schedule, for example, has allowed the candidates only limited contacts with the voters and with the press.

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The Senate has been almost evenly divided between pro- and anti-government forces in the past, and Thieu reportedly wants a clear pro-government majority so he can put through certain constitutional amendments. Moreover, the government undoubtedly wants to ensure a high turnout to demonstrate its strength and presence throughout the country.

It seems unlikely that the Communists will make a major effort to disrupt the Senate election or to embarrass the government. Reports from scattered areas indicate that some Viet Cong are trying to persuade voters not to go to the polls or to cast blank ballots if they are forced to vote. Similar reports have cropped up prior to virtually all recent national elections, but the balloting has almost always gone off quietly in most areas.

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CHILE: Growing defiance from leftist extremists, particularly the large radical segment that controls the Socialist Party's leadership, is adding to President Allende's problems with strikes, violence, and military unrest.

Solution of the month-old truckers' strike has been complicated by other stoppages, many of them short but effective, that spread among opposition shopkeepers, professionals, and some workers. Pro-government groups retaliated in force. These included a Socialist-led march on the presidential palace by women demanding punishment, not concessions, for the truckers. Allende responded with an emotional appeal for female support for himself and his policies.

The politically influential Chilean women are increasingly evident in this new period of tension. Truckers' wives have played a major role in propagandizing the strike's prime objective of fighting the encroachment of government control over private sectors. Their sit-in at the Congress set off the violence that raged for five hours in crowded mid-Santiago on 21 August. Later, marchers claiming to be wives of military officers--legally barred from political activity themselves--went to Defense Minister General Prats' home to demand his resignation on the grounds that his support of the government betrays the armed forces.



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Radical Socialists, however, think Allende is too responsive to military pressures. They agreed to the recent naming of military ministers on condition that the officers be given posts that would oblige them to take actions that would antagonize

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the public. They also demanded that General Prats be named Minister of Defense, a post they believe he would use to forestall a coup. Led by Secretary General Altamirano, many party extremists are again closely cooperating with the Movement of the Revolutionary Left (MIR), drawn by its strong influence over the armed workers' groups that are becoming increasingly active in Santiago. The MIR, meanwhile, is tightening up security and organization, and stepping up its campaign to prove that the Communists are obstructing the real revolution in collaboration with Allende.

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USSR - EASTERN EUROPE: The Soviets and their allies have been holding a series of high-level meetings aimed at strengthening cooperation within CEMA, perhaps in preparation for closer contacts with the EC. Polish Premier Jaroszewicz visited Moscow on 14 August, followed by Hungarian Premier Fock on 16-17 August. Their East German counterpart, Stoph, spent a day in Moscow on 20 August, and Bulgarian Premier Todorov also arrived on that day. Prior to his trip to Moscow, Fock visited Warsaw on 11-12 August.

Kosygin headed the Soviet delegation in each of these talks, and the list of participants was heavily weighted with other officials concerned with economic matters and CEMA. Official reports on the meetings stress integration of the economies and coordination of the 1976-80 national economic development plans as a means to that end. While the communiqués do not go into detail on the subjects under discussion--and possible controversies--the emphasis on coordination of plans goes to the heart of the problem of integration. Vital aspects of this problem, such as Soviet raw material supplies to Eastern Europe and production specialization, were also considered, according to a Moscow broadcast to Poland following the Jaroszewicz visit.

The reports of the meetings also refer to decisions taken by the party leaders at the Crimea meeting in late July. The communiqué of that meeting stated that socialist economic integration was discussed, but did not indicate that any specific new proposals were made. The Romanians later were reported to be unhappy over Brezhnev's emphasis on cooperation within CEMA. The Romanians and Czechs of the European CEMA members have not as yet sent economic delegations to Moscow.

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Recent Soviet expressions of readiness to begin a CEMA dialogue with the EC have apparently given new impetus to long-term Soviet efforts to increase CEMA cohesion and perhaps make its structure more superficially compatible with the EC. At the least, Moscow may be using this rationale to advance its campaign for greater bloc cohesion. Some of the urgency in the current round of meetings may be explained by the fact that CEMA Secretary General Fadeyev is supposed to leave in a few days for a vacation in Denmark that is expected to include informal contacts with the Danes on EC-CEMA relations.

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LIBYA: Prime Minister Jallud has informed representatives of the major international oil companies operating in Libya--Exxon, Royal Dutch Shell, Standard Oil (California), Texaco, and Mobil--that they must either accept Libyan participation along Oasis-Occidental lines--giving Tripoli 51-percent control--or be nationalized Saturday. Jallud called on all his considerable rhetorical abilities in attempting to persuade the oilmen to acquiesce in the government's participation program. He spoke of the "winds of change" blowing through the Arab world and hinted darkly that promises by the Shah and King Faysal will last only as long as these monarchs remain on the scene. Against this forecast he held out the bright prospect of untrammelled continuation of company operations under the Libyan participation formula, assuring the companies' European consumers an uninterrupted supply of Libyan oil.

The company representatives, unmoved by this performance, remain firmly opposed to the Libyan demands and say that if their companies' holdings are taken over, they will attempt to fight Tripoli through legal action. Production by the major companies is about 700,000 barrels per day (bpd)--31 percent of Libya's current production. Even if company efforts to prevent the sale of oil from their nationalized fields are successful, the government probably could increase production substantially, probably by at least 400,000 bpd, from fields already under its control that would not be subject to company action.

Libyan oil is exported primarily to Western Europe--about 70 percent in 1972. The US received about 150,000 bpd during the first six months of 1973. Libyan oil is also used as blend stock for Caribbean refineries that export products primarily to the US. US dependence on Libyan oil, including indirect imports, is probably on the order of 300,000 bpd--about 5 percent of its current imports.

USSR - LATIN AMERICA: Chinese accession to the Treaty of Tlatelolco yesterday leaves the USSR as the only nuclear power that has not endorsed a Latin American zone free of nuclear weapons.

The treaty was concluded in 1967 and has been signed by all Latin American states except Cuba and Brazil. Havana has based its objections primarily on the failure of the treaty to include the US military bases in the Caribbean and Panama. Brazil has indicated it wishes to reserve the right to develop nuclear weapons and thus will sign neither this treaty nor the Nonproliferation Treaty.

Mexican President Echeverria campaigned for signatures to the Treaty of Tlatelolco during his month-long world tour last spring and scored notable successes in securing French and Chinese decisions to sign the document. The French signed with the understanding that such action did not foreclose their right to transport nuclear-weapons components over the Isthmus of Panama to French testing areas in the South Pacific. The Chinese also offered oral interpretive remarks at the time of signature, stating firmly that adherence to the Treaty of Tlatelolco does not affect Peking's negative stance toward the Nonproliferation Treaty.

Soviet officials flatly refused to consider Echeverria's pitch on the nuclear-free zone while he was in Moscow last April and have not softened their position in recent months. They claim the treaty favors one nuclear power, i.e., the US, and is prejudicial to the defense of the USSR. The Mexicans, however, have served notice that they will try to use the coming UN General Assembly session to focus attention on the Soviets' status as the only non-signatory among the five nuclear powers; this effort is not likely to cause substantial difficulties in Moscow's relations with Latin America.

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Itinerary of Soviet Training Ship



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USSR - SOUTH AMERICA: A Soviet submarine tender reportedly is scheduled to visit Valparaiso, Chile, from 4 to 9 October. The tender, with midshipmen on board, apparently will be returning a visit made to Vladivostok by a Chilean training ship last year. It is scheduled to leave Vladivostok on 25 August and may make port calls in Colombia, Ecuador, and Peru before reaching Chile. The impending visit and another made by a Soviet training ship to Rio de Janeiro last year suggest that the Soviet Navy is interested in increasing its visibility in South American waters. [REDACTED]

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GREECE: President Papadopoulos' grant of amnesty to political prisoners was made on his own initiative and over the opposition of his cabinet, particularly the former revolutionary officers.

Papadopoulos apparently was willing to risk a split with his revolutionary colleagues, some of whom have long had differences with the junta leader.

Most of the present ministers, both retired military and civilian, also reportedly resisted a recent request by Papadopoulos for their resignations, which he told the ministers are constitutionally required if they are to participate in the parliamentary elections promised for 1974. The civilians claim they have no desire for elective office. The military members, whom Papadopoulos aims to replace with civilians in his promised "political" cabinet, said they would not resign until the constitutional court has clarified the relevant article. These officers are likely to continue to hold on to their positions as long as possible; they allegedly distrust Papadopoulos and believe that their government portfolios are the best means they have of keeping some control over his policies.

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JAPAN: The Tanaka government has negotiated an end to the month-long opposition boycott of the Diet by reaching an agreement with the Socialist and Social Democratic parties on the handling of major legislation. The US Embassy reports that the ruling Liberal Democrats have agreed to resubmit to the Diet controversial bills on rail fares and defense matters they passed in July when the opposition was absent. Although legal, such parliamentary tactics are not considered fair by the Japanese public. In recent years, the government has several times had to resubmit bills passed without opposition participation.

Komeito, while not a party to the agreements that permit the Diet to function once again, has decided to participate in all Diet deliberations, and the Communists are expected to rejoin soon.

Before the Diet can get down to serious legislative business the government must publicly respond to opposition questioning on sticky political issues that have come up during the hiatus in Diet proceedings--the Nixon-Tanaka summit, the Kim Tae-chung kidnapping, and charges that alleged flights of Okinawa-based SR-71s over Cambodia are involving Japan in the Indochina war.

A large number of bills still before the Lower House, including a supplementary budget, Japan archipelago development, and immigration bills will not even be considered. The government will have to seek another extraordinary Diet session this fall, this time under terms of the new agreement with the Socialists and Democratic Socialists. This session will probably not take place until mid-October, after Prime Minister Tanaka returns from his trip to Europe and the USSR. [REDACTED]

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CUBA-HONDURAS: Honduras has sent two government officials to Cuba to negotiate the purchase of 10,000 tons of sugar to supplement its own drought-stricken crop. Two Honduran Communist Party members who visited Cuba for the 26 July celebrations made the initial overtures.

Havana reportedly has offered a favorable price, and will reward the party with a commission for its efforts. Approval of the negotiations by the Political Bureau of the Cuban Communist Party and the fact that the sale would come from Cuban domestic supplies, which are being rationed, indicate high-level interest in promoting the sale. If the deal is concluded, it will be the first breach of the OAS sanctions against Cuba by a Central American country and might presage an abstention by Honduras that could be crucial if continuation of the sanctions comes to a vote in the OAS.

FOR THE RECORD*

Japan: Tokyo has apparently decided to postpone next month's annual ministerial meetings with Seoul as a result of the Kim Tae-chung kidnaping affair. Japanese Embassy officers in Seoul have said as much to US officials, and the South Korean press is also taking this line. [REDACTED]

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**This item was prepared by CIA without consultation with the Departments of State and Defense.*

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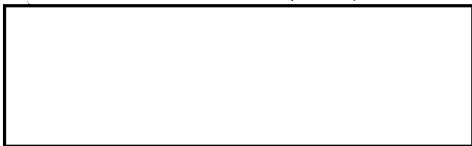
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